STATEMENT BEFORE THE

SUBCOMMITTEE ON
GENERAL FARM COMMODITIES
AND RISK MANAGEMENT

AGRICULTURE COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

on

CROP INSURANCE AND THE NURSERY INDUSTRY

submitted by

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Chairman Moran, Ranking Member Peterson, and Members of this Subcommittee, I am grateful for the opportunity to present testimony today on the state of the crop insurance program in the U.S. as it relates to the nursery industry. My testimony represents both my own views and experiences as a nurseryman in the Commonwealth of Virginia, and as well the views of the American Nursery & Landscape Association.

The American Nursery & Landscape Association (ANLA) is the national trade association for the nursery and landscape industry. ANLA represents 2,500 production nurseries, landscape firms, retail garden centers and horticultural distribution centers, and the 16,000 additional family farm and small business members of the state and regional nursery and landscape associations. The Association's grower members are estimated to produce about 75% of the nursery crops moving in domestic commerce in the U.S. that are destined for landscape use. I currently serve as Chairman of the Association's legislative policy committee.

According to the USDA's National Agricultural Statistics Service (NASS), the nursery and greenhouse industry remains the fastest growing agricultural sector in cash receipts. The 1997 Census of Agriculture shows that nursery, greenhouse and floriculture crop sales totaled $10.9 billion in 1997, up from $7.6 billion in 1992. This represents a *43 percent increase* in sales over the previous 1992 Census. More recent USDA analyses show that the industry is now valued at over $13 billion at farmgate. Together these crops make up 11 percent of total U.S. farmgate receipts. An estimated 33,935 farms produce nursery plants as their principal crop.

In crop value, nursery and greenhouse crops have surpassed wheat, cotton, and tobacco and are now the third largest plant crop – behind only corn and soybeans. Nursery and greenhouse crop production now ranks among the top five agricultural commodities in 24 states, and among the top 10 in 40 states. Growers produce thousands of varieties of cultivated nursery, bedding, foliage and potted flowering plants in a wide array of forms and sizes in the open ground and under the protective cover of permanent or temporary greenhouses.

The nursery industry very much desires an efficient, affordable and sustainable crop insurance program. At present, the crop insurance program falls short of adequately addressing the extreme diversity and unique situations presented by a free-market segment of agriculture that grows thousands of varieties – in every state – using an array of production systems and technologies. We offer the following thoughts and recommendations on the current program, and some suggestions for improvement:

- Nursery participation in the program is not as high as it should be. Broader participation will help to establish a program that can be more reliably sustained. There needs to be strong and sustained educational outreach. We are open to working in close partnership with the Risk Management Agency on grower outreach.

- Under the catastrophic disaster coverage, the "50% loss" requirement should be calculated based on losses of individual crop types rather than across the array of crops in a nursery. Different crops have varied susceptibility to potential perils, unlike typical experiences in traditional row crops.

- In my own operation, I have production fields in three adjacent counties. Under the current program, I must purchase three separate policies to cover these fields. There should be some reasonable way to ensure an entire operation on one policy.

- The structure for commissions paid to the agent encourages concentration on serving the needs of the largest nine or 10 clients, but there is insufficient incentive for agents to reach out and target smaller operations.

- We strongly suggest using the grower's wholesale price list as the basis for coverage valuation based upon proof of market. As a result, it would become much clearer to the grower, the agent and the RMA exactly what the RMA is insuring. The use of the current arbitrary Federal Crop Insurance Corporation (FCIC)-printed wholesale price eligibility list for valuation purposes could be eliminated, although such a list could continue to be used for plant eligibility purposes.

- Ensure the container size of any plant as such is noted in the grower's wholesale price list without regard to the actual soil volume the container is capable of holding.

- Include coverage for plants grown in smaller than three-inch containers.

- Treat field grown and containerized plants as separate crops.

- Allow for year-round sales of the crop insurance policy subject to a 30-day waiting period for coverage commencement.

- Pursue continuity on how insurance rates are calculated. For example, Georgia's rates are .039 with a 0 loss ratio while North Carolina's rates are .033 with a loss ratio of 7.4. Florida's rates are substantially higher than Georgia's.

- The issue of injury accumulated over just one year has become a factor in the green industry. Flood, drought, disease or winter injury may occur in one year and the loss can occur that same year and/or the following year or years. There is little if any continuity on how adjustors process and handle these types of situations. Can this be regimented within the program?

- Implement crop insurance coverage for Christmas trees. Historically, Christmas trees were not intensively managed; many were harvested from the wild. However, production practices in nurseries and Christmas tree farms are now often indistinguishable. Christmas trees as a commodity should be covered under RMA policies and be treated like similar nursery crops.

- For growers in tropical regions, restrict the peril of excess rain to damage incurred in conjunction with a tropical cyclone or an event that causes an area to be declared a disaster by the United States President or the USDA.

- There seems to be a great degree of variation as to how well the program is managed across the country. There should be an agent certification program coupled with a fraud elimination aspect.

- Seriously explore coverage for trees and plants that fall within a quarantine zone – especially if those green goods are rendered un-salable due to infestation by a quarantine pest, or ordered destroyed. Quarantines are sometimes imposed while study and assessment of extent of the infestation and risk of harm are being completed. Coupled with the short shelf life of our products and our condensed selling seasons, quarantine restrictions with or without mandated crop destruction pose unanticipated hardships and losses for growers. Currently, ANLA members under current or expected federal quarantine actions with federal crop insurance are yet without recourse in many parts of the country. A few examples include:

    - Emerald Ash Borer; impacting growers in southeast Michigan;
    - Ralstonia, a bacterial disease of geraniums and other crops, affecting growers nationwide;
    - Sudden Oak Death; affecting many counties in central and northern California, and limited areas in Oregon;
    - Plum Pox in central Pennsylvania;
    - Citrus canker in Florida.

In closing, I wish to emphasize that USDA's Risk Management Agency has reached out to our industry, and we are confident that a strong commitment exists on all sides to resolve such problems that are inhibiting the use and long-term viability of crop insurance in the nursery industry. We are equally grateful for the interest and support of Congress in this matter. Thank you, Mr. Chairman and Members of the Subcommittee, for your attention and interest in ensuring a viable crop insurance program for the American nursery industry. I would be happy to respond to any questions you may have.

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